

Message Text

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ACTION EUR-12

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FM AMEMBASSY PRAGUE
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INFO AMEMBASSY BERLIN
AMEMBASSY BELGRADE
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VIENNA FOR AGATT; USDOC FOR BEWT

E.O. 11652: NA
TAGS: EALR, CSCE,EEWT, CZ
SUBJECT: US FIRM OPENS PRAGUE REPRESENTATIVE OFFICE

REFS A. 77 PRAGUE 1611(NOTAL) B. 77 PRAGUE A-20(NOTAL),
C) 77 PRAGUE 0023 (NOTAL)

1. MERCK SHARP AND DOHME HAS BECOME FIRST U.S. FIRM, TO EMBASSY
KNOWLEDGE, TO RECEIVE PERMISSION FOR A REPRESENTATIVE OFFICE
IN PRAGUE. AT FEB 27 HOTEL RECEPTION
CELEBRATING OPENING OF OFFICE (WHICH STILL HAS NO QUARTERS),
THOMAS KLAPER, REGIONAL DIRECTOR OF MERCK SHARP AND DOHME AG
IN ZURICH, SAID THAT GOC TOOK ONLY ABOUT FOUR MONTHS TO APPROVE
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APPLICATION. SOLE SIGNIFICANT PROBLEM WHICH EMERGED IN NEGOTIATIONS
WAS
MINISTRY OF FOREIGN TRADE'S ORIGINAL INSISTANCE THAT NEW YORK
HOME OFFICE SIGN OFFICE AGREEMENT. IN THE END, MFT ALLOWED ZURICH
SUBSIDIARY TO SIGN INSTEAD.

2. MSD SELLS ABOUT \$1 MILLION WORTH OF ANIMAL AND HUMAN

PHARMACEUTICAL

PRODUCTS WITH ANIMAL PRODUCTS ACCOUNTING FOR ABOUT EIGHTY PERCENT OF SALES. MOST OF MSD PRODUCTS SOLD HERE ARE PRODUCED OR FORMULATED IN ITALY, IRELAND AND NETHERLANDS. PRAGUE OFFICE WILL CONSIST OF ONE CZECHOSLOVAK NATIONAL, DR. OTTO MARES, WHO HAS WORKDED PART-TIME FOR MSD HERE. HE IS WORKING OUT OF HIS HOME UNTIL HE CAN OBTAIN SPACE. A SECOND LOCAL EMPLOYEE MAY BE HIRED LATER.

3. COMMENT: MSD'S DECISION TO OPEN A SMALL REP OFFICE NO DOUBT REFLECTS A DESIRE TO BE FIRST WESTERN PHARMACEUTICAL HOUSE TO HAVE A PRAGUE BASE. OVER TWO YEARS AFTER GOC FORMALLY DECIDED TO ALLOW WESTERN REP OFFICES, SOME OF THE ORIGINAL HEADACHES ABOUT TAXATION AND OBTAINING QUALIFIED EMPLOYEES (REFS B AND C) HAVE BEEN RESOLVED IN CASE OF MSD. SCARCITY OF OFFICE AND RESIDENTIAL

QUARTERS REMAINS A PROBLEM. ONLY OTHER U.S. FIRMS INTERESTED IN LOCAL

REP OFFICE THAT EMBASSY KNOWS ARE IBM, HEWLETT-PACKARD AND DOW CHEMICAL. NONE PLANS TO ASSIGN AMCIT TO PRAGUE. DECONTROL UPON RECEIPT. FROWICK

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